



CITY OF SAN DIEGO

MEMORANDUM

DATE: October 12, 2009

TO: Mayor Jerry Sanders
Jay Goldstone, COO

FROM: Councilmember Donna Frye
Councilmember Todd Gloria

Donna Frye
Todd Gloria

SUBJECT: Managed Competition Consultant Contract Overruns

On July 22, 2008, the City Council approved a MOU with Grant Thornton that limited its contract with the City to \$250,000 in FY2009, and in addition, \$250,000 for the remainder of the term of the agreement. After reviewing some documents (attached) obtained by the San Diego News Network through a Public Records Act Request, we saw that:

- (1) Payroll records from March 2007 - February 2008 show that Grant Thornton performed services for \$555,477, much in excess of what was presented to Council, and without Council approval;
- (2) The Pricing Agreement dated January 9, 2009, for \$671,011, appears to be in violation of the MOU cap.

Simply put, it appears that the City has spent over \$250,000 on this contract without City Council approval. Also, when Grant Thornton received authorization for \$250,000 in June 2008 had the work already been done? Please provide to us an explanation for these actions and a total amount for how much the City has spent on the Grant Thornton contract. Thank you for your prompt response.

CC : Honorable City Councilmembers
Andrea Tevlin, Independent Budget Analyst
Jan Goldsmith, City Attorney

DF/ks



Michael Winterberg
Principal Procurement Specialist, OCA
City of San Diego
Purchasing & Contracting Department
Civic Center Plaza Building
1200 Third Avenue, Suite 200, 2nd Floor
San Diego, CA 92101-4195

February 29, 2008

Audit • Tax • Advisory

Grant Thornton LLP
112 E Pecan Street, Suite 2800
San Antonio, TX 78205-9111

T 210.881.1800
F 210.881.1805
www.GrantThornton.com

Dear Mr. Winterberg,

Please find attached justification for our requested rate escalation. Per contract terms, Grant Thornton LLP requests a rate escalation in the amount of 2.3% which is the current CPI-U. Attached justification will reflect a higher percentage increase in project costs.

This information is proprietary and confidential and is not to be released to competitors or any Grant Thornton employees except the engagement partner or human resources.

Should you have any questions, please contact me at Meredith.Starr@GT.com or (210) 364-7494.

Sincerely,

Meredith A. Starr
Sr. Contracts Administrator

Enc

Payroll Record Details
San Diego Team
March 2007 - February 2008

This information is proprietary and confidential and is not be released to competitors or any Grant Thornton employees except the Engagement Partner or Human Resources

Filtered Name	Payment Date	Pay Amt	Calc Incr	Incr %
Sr Cons 1	5/31/07	\$ 2,579.26		
Sr Cons 1	6/15/07	\$ 2,579.26		
Sr Cons 1	6/29/07	\$ 2,579.26		
Sr Cons 1	7/13/07	\$ 2,579.26		
Sr Cons 1	7/31/07	\$ 2,579.26		
Sr Cons 1	8/15/07	\$ 2,708.44		
Sr Cons 1	8/31/07	\$ 2,708.44		
Sr Cons 1	9/14/07	\$ 2,708.44		
Sr Cons 1	9/28/07	\$ 2,708.44		
Sr Cons 1	10/15/07	\$ 2,708.44		
Sr Cons 1	10/31/07	\$ 2,708.44		
Sr Cons 1	11/15/07	\$ 2,708.44		
Sr Cons 1	11/30/07	\$ 2,708.44		
Sr Cons 1	12/14/07	\$ 2,708.44		
Sr Cons 1	12/31/07	\$ 2,708.44		
Sr Cons 1	1/15/08	\$ 2,708.44		
Sr Cons 1	1/31/08	\$ 2,708.44		
Sr Cons 1	2/15/08	\$ 2,708.44		
Sr Cons 1	2/29/08	\$ 2,708.44		
Sr Cons 1 Total		\$ 63,710.76	\$ 3,100.32	5%
Sr Manager 1	3/15/07	\$ 5,041.86		
Sr Manager 1	3/30/07	\$ 5,041.86		
Sr Manager 1	4/13/07	\$ 5,041.86		
Sr Manager 1	4/30/07	\$ 5,041.86		
Sr Manager 1	5/15/07	\$ 5,041.86		
Sr Manager 1	5/31/07	\$ 5,041.86		
Sr Manager 1	6/15/07	\$ 5,041.86		
Sr Manager 1	6/29/07	\$ 5,041.86		
Sr Manager 1	7/13/07	\$ 5,041.86		
Sr Manager 1	7/31/07	\$ 5,041.86		
Sr Manager 1	8/15/07	\$ 5,546.05		
Sr Manager 1	8/31/07	\$ 5,546.05		
Sr Manager 1	9/14/07	\$ 5,546.05		
Sr Manager 1	9/28/07	\$ 5,546.05		
Sr Manager 1	10/15/07	\$ 5,546.05		
Sr Manager 1	10/31/07	\$ 5,546.05		
Sr Manager 1	11/15/07	\$ 5,546.05		
Sr Manager 1	11/30/07	\$ 5,546.05		
Sr Manager 1	12/14/07	\$ 5,546.05		
Sr Manager 1	12/31/07	\$ 5,546.05		
Sr Manager 1	1/15/08	\$ 5,546.05		
Sr Manager 1	1/31/08	\$ 5,546.05		
Sr Manager 1	2/15/08	\$ 5,546.05		
Sr Manager 1	2/29/08	\$ 5,546.05		
Sr Manager 1 Total		\$ 128,063.30	\$ 12,100.56	10%
Grand Total		\$ 555,477.45	\$ 33,601.68	8%



City of San Diego PRICING AGREEMENT

Bid No.: 8520-07-Z-RFP

PA No. **8090229-0**

Ship To: Center ID: 102PURCH PURCHASING & CONTRACTING Attn: BILL-TO AND SHIP-TO ADDRESSES SEE ACTUAL POs FOR SPECIFIC SAN DIEGO, CA	Bill To: Center ID: 102PURCH PURCHASING & CONTRACTING Attn: BILL-TO AND SHIP-TO ADDRESSES SEE ACTUAL POS FOR SPECIFIC SAN DIEGO, CA	Date: 01/09/09 Page: 1 of 2 Time: 2:55:23PM OPIS No.: PA07-8090229-0 Commodity Code: 9900 Last Option End Date: 06/30/09
--	--	--

Vendor: GRANT THORNTON LLP 333 JOHN CARLYLE ST STE 500 ALEXANDRIA, VA 22314-5745 USA	Terms: Net 30 FOB: Destination Tax Code: P Buyer: Michael Winterberg Phone: (619) 533-6441 Fax: (619) 533-3230 E-Mail: MWinterberg@sandiego.gov
Vendor ID: GTH 03575032 Phone: (703) 637-2735 Fax: (703) 837-4455	

Line #	Item ID/Description	Quantity/U/M	Unit Price	Extended Price
<i>This Document is for Contractual Information Only and is NOT a Purchase Order Purchase Orders Will be Issued as Needed</i>				
1	EXECUTIVE CONSULTANT Executive Consultant Managed Competition Initiative. Not to exceed \$1,000,000 per year.	100.00 HR	\$ 213.8100	\$ 21,381.00
2	PROJECT MANAGER Project Manager	1,000.00 HR	172.8900	172,890.00
3	SENIOR CONSULTANT Senior Business Consultant	1,000.00 HR	114.5800	114,580.00
4	BUSINESS CONSULTANT Business Consultant	2,000.00 HR	97.1900	194,380.00
5	MANAGEMENT ANALYST Management Analyst	2,000.00 HR	83.8900	167,780.00

Notes:

Furnish the City of San Diego with Preliminary Planning and Statement of Work (SOW) for the Managed Competition Initiative.

Exercising Option #2 to Renew for an additional period beginning 03/12/09 through 06/30/09, with no price increase.

Memorandum of Agreement (MOA) executed 7/22/08, limiting extension of this Contract through 6/30/09 and limiting performance of work and collection of invoices thereof to a maximum total dollar value of \$250,000 beginning 7/1/08 through 6/30/09.

Council Resolution: R-303869

No Options Remaining.

Vendor contact:
Ms. Susan Pentecost, Principal

Have questions about doing business with the City of San Diego? Visit our Purchasing web site at www.sandiego.gov/purchasing and get all the answers.

For specific information regarding contract opportunities with the City of San Diego, please visit our Bid & Contract Opportunities web site at www.sandiego.gov/bids-contracts.

**SEE LAST PAGE
FOR TOTALS**



City of San Diego
PRICING AGREEMENT
Bid No.: 8520-07-Z-RFP

PA No. **8090229-0**

Ship To: Center ID: 102PURCH PURCHASING & CONTRACTING Attn: BILL-TO AND SHIP-TO ADDRESSES SEE ACTUAL POs FOR SPECIFIC SAN DIEGO, CA	Bill To: Center ID: 102PURCH PURCHASING & CONTRACTING Attn: BILL-TO AND SHIP-TO ADDRESSES SEE ACTUAL POS FOR SPECIFIC SAN DIEGO, CA	Date: 01/09/09 Time: 2:55:23PM OPIS No.: PA07-8090229-0 Commodity Code: 9900 Last Option End Date: 06/30/09
--	--	--

Vendor: GRANT THORNTON LLP 333 JOHN CARLYLE ST STE 500 ALEXANDRIA, VA 22314-5745 USA	Terms: Net 30 FOB: Destination Tax Code: P Buyer: Michael Winterberg Phone: (619) 533-6441 Fax: (619) 533-3230 E-Mail: MWinterberg@sandiego.gov
Vendor ID: GTH 03575032 Phone: (703) 637-2735 Fax: (703) 837-4455	

Notes (cont):

E-mail: susan.pentecost@gt.com
Ms. Meredith A. Starr, Sr. Contracts Administrator
E-mail: meredith.starr@gt.com

Insurance shall be updated as required.

Distribution: File, Vendor, Buyer, Anna Danegger

Have questions about doing business with the City of San Diego? Visit our Purchasing web site at www.sandiego.gov/purchasing and get all the answers.

For specific information regarding contract opportunities with the City of San Diego, please visit our Bid & Contract Opportunities web site at www.sandiego.gov/bids-contracts.

Line Item Total	\$	671,011.00
Tax		0.00
Freight		0.00
PA Total:	\$	671,011.00